

**Department of Industrial Relations
Eliminate the Economic Strategy Panel
Trailer Bill**

Amend Government Code Section 13996.45 as follows:

13996.45. (a) (1) Subject to paragraph (2), and subject to Section 13996.75, the Business, Transportation and Housing Agency shall be the primary state agency authorized to do all of the following:

- (A) Attract employment-producing foreign investment to the state.
 - (B) Cooperate in international public infrastructure projects.
 - (C) Provide support for California business in accessing international markets, including, but not limited to, export assistance.
 - (D) Engage in other trade or foreign investment related activities specifically assigned by the Governor.
- (2) Nothing in this chapter shall be construed to confer powers or impose duties upon the agency in conflict with any powers conferred or duties imposed upon the Department of Food and Agriculture with respect to the promotion of California agriculture, fish, and forest exports.
- (b) The international trade and investment activities of the agency shall be monitored by the Legislature, and all public moneys in its budget expended for those purposes, shall be subject to approval by the Legislature.
- (c) The Secretary of Business, Transportation and Housing shall develop an international trade and investment policy, which shall be consistent with the economic development strategic plan prepared by the California Economic Strategy Panel pursuant to Section 15570, and shall provide guidance to strategies and plans from other agencies and departments related to workforce and infrastructure development.
- (d) California's international trade and investment policy shall be directed through its state strategy, which shall be based on current and emerging market conditions and the needs of investors, businesses, and workers to be competitive in global markets.

Repeal Government Code Section 13996.5 as follows:

~~13996.5. (a) Not later than October 1, 2007, the Secretary of Business, Transportation and Housing shall complete a study on the potential roles of the state in global markets.~~

~~—(b) The study shall include, but not be limited to, all of the following:~~

~~—(1) A discussion of California's economy and its relationship to global markets, including identification of current and emerging trends, industries, services, and areas of comparative advantage.~~

~~—(2) An inventory and gap analysis of existing programs and services provided by local, state, federal, and private entities, which serve, or could serve, businesses in opening new foreign markets for their products, attracting foreign investment to their businesses, or generally assisting California businesses in global markets.~~

~~—(3) An assessment and gap analysis of the current and future physical and human infrastructure related to foreign trade and investment markets, and the appropriate role for state government to improve the infrastructure needs.~~

~~—(4) The results of a survey of businesses on their needs and priorities related to foreign trade and investment. The study may rely on current surveys prepared by trade organizations or academic centers dedicated to economic development, or other surveys, as appropriate.~~

~~—(5) An examination of how best to coordinate and leverage existing local, state, and federal organizations, programs, and services related to international trade and investment.~~

~~—(6) An assessment of unique opportunities and challenges in developing businesses and attracting investment along the border and in historically underserved urban and rural areas.~~

~~—(c) (1) The study shall make recommendations on policies, programs, and funding needs for the next three years, seven years, and over the long term.~~

~~—(2) Recommendations may include infrastructure improvements, workforce training needs, incentives for business or investors, and need for international trade and investment offices in relation to the international trade and investment needs of the state.~~

~~—(3) To the extent international trade and investment offices are found to be appropriate, the study may make general recommendations on the administration, oversight, and mission or missions of the offices.~~

~~—(4) The study shall recommend priorities for state activities and funding related to international trade and investment. The priorities shall be based on the assessment of current and emerging market trends, the inventory and gap analysis of programs and services, the assessment of current and future infrastructure and workforce needs, and input by the business community.~~

~~—(5) The study shall recommend an organizational structure for the state administration of international trade and investment policies, programs, and services.~~

~~—(d) During the course of the study, the secretary shall consult with other agencies, boards, and commissions that have statutory responsibilities related to workforce development, infrastructure, business, and international trade and investment including, but not limited to, the Economic Strategy Panel, the California Commission on Industrial Innovation, the Office of the Small Business Advocate, the California Transportation Commission, the California Community Colleges, the University of California, the California State University, the Workforce Investment Board, the Employment Training Panel, and the California Energy Commission.~~

~~—(e) The results of the study shall be submitted to the Chief Clerk of the Assembly and the Secretary of the Senate. A copy of the study shall be provided to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of the Assembly Committee on Jobs, Economic Development, and the Economy and the Senate Committee on Business, Professions and Economic Development, or the successor committees with jurisdiction over international trade and economic development programs.~~

Amend Government Code Section 13996.55 as follows:

13996.55. (a) ~~Based on the study prepared pursuant to Section 13996.5, the~~The Secretary of Business, Transportation and Housing shall provide to the Legislature, not later than February 1, 2008, a strategy for international trade and investment that, at a minimum, includes all of the following:

(1) Policy goals, objectives, and recommendations necessary to implement a comprehensive international trade and investment program for the State of California. This information shall be provided in a fashion that clearly indicates priority within the overall strategy.

(2) Measurable outcomes and timelines for the goals, objectives, and actions for the international trade and investment program.

(3) Identification of impediments for achieving goals and objectives.

(4) Identification of key stakeholder partnerships that will be used in implementing the strategy.

(5) Identification of options for funding recommended actions.

(6) Identification of an international trade and investment organizational structure for the state administration of international trade and investment policies, programs, and services.

~~(b) The strategy shall be developed in consultation with the California Economic Strategy Panel.~~ In the course of developing the strategy, the secretary shall also consult with other agencies, boards, and commissions that have statutory responsibilities related to workforce development, infrastructure, business, and international trade and investment including, but not limited to, the California Commission on Industrial Innovation, the Office of the Small Business Advocate, the California Transportation Commission, the California Community Colleges, the University of California, the California State University, the Workforce Investment Board, the Employment Training Panel, and the California Energy Commission.

(c) The strategy shall be submitted to the Chief Clerk of the Assembly and the Secretary of the Senate. A copy of the strategy shall be provided to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of the Assembly Committee on Jobs, Economic Development, and the Economy and the Senate Committee on Business, Professions and Economic Development, or the successor committees with jurisdiction over international trade and economic development programs.

(d) (1) The strategy shall be reviewed in at least one public hearing by the relevant policy and fiscal committees of each house of the Legislature. The hearings shall be held within 60 days of the strategy being submitted to the Legislature. If the strategy is submitted when the Legislature is in recess, the hearings shall occur within 60 days of the members convening.

(2) The legislative committees may make recommendations to the secretary on the strategy, and the secretary may modify the strategy accordingly.

(e) The secretary shall report to the fiscal committees of the Legislature on or before February 1, 2009, and by that date each year thereafter, on how the Governor's proposed budget relates to the strategy.

(f) The strategy shall be updated pursuant to the procedures of this section at least once every five years.

Repeal Government Code Section 15570 as follows:

15570. (a) The secretary shall lead the preparation of a biennial California Economic Development Strategic Plan. In fulfilling this duty, the secretary shall do the following:

—(1) Review the recommendations made by the California Economic Strategy Panel in their biennial economic development strategic plan document. This document shall make recommendations regarding an economic development strategic plan for the state, covering a two-year time period and containing a statement of economic goals for the state, a prioritized list identifying significant issues learned from economic development strategic plan panel meetings, proposals for legislation, regulations, and administrative reforms necessary to improve the business climate and economy of the state, evaluation of the effectiveness of the state's economic development programs, a list of key industries in which the state shall focus its economic development efforts, and strategies to foster job growth and economic development covering all state agencies, offices, boards, and commissions that have economic development responsibilities.

—(2) Convene a biennial economic strategy panel to provide recommendations regarding a California economic development strategic plan. This panel shall conduct meetings in Sacramento, all cities of the state with populations over 500,000, and in major cities of other regions of California as designated by the secretary. The secretary shall invite businesses, labor unions, organizations representing the interests of diverse ethnic and gender groups, local government leaders, academic economists and business professors, chambers of commerce and other business organizations, government agencies, and key industries to contribute to the preparation of the recommended economic strategy. These meetings shall address at least the following matters of concern:

—(A) Strengths and weaknesses of the California economy and the state's prospects for future economic prosperity.

—(B) Emerging and declining industries in California and elsewhere.

—(C) Effectiveness of California's economic development programs in creating and retaining jobs and attracting industries.

—(D) Adequacy of state and local physical and economic infrastructure.

—(E) Government impediments to economic development.

—(F) The development of a system of accountability for use in the annual state budget process and in the legislative process to measure the performance of all state policies, programs, and tax expenditures intended to stimulate the economy. In developing a system of accountability, the panel shall, by using only existing resources and without future budget augmentation made for this purpose, do all of the following:

—(i) Develop a standard definition of economic development.

—(ii) Develop, for use in state law, standard measurements of real per capita income, job growth, new business creation, private sector investment, minority entrepreneurship, and income inequality.

—(iii) Survey and evaluate efforts in other states to develop accountability measures for public investments in economic development.

—(iv) Determine whether a return on investment calculation is feasible for public investments in economic development.

—(v) Conduct a comparative study of various methodologies for preparing the economic development sections of a state budget, including unified functional budget, zero-based budget, and performance-based budget methodologies.

—(vi) Study the feasibility of statutory disclosure requirements on specified publicly funded subsidies to private sector businesses.

—(vii) Submit a report of its findings and recommendations regarding this subparagraph to the Legislature no later than one year after its first meeting after January 1, 2005.

—(b) The panel shall be composed of the following 15 members:

—(1) The Secretary of Labor and Workforce Development, who shall serve as chair of the panel.

—(2) Eight persons appointed by the Governor.

—(3) The Speaker of the Assembly or his or her designee.

—(4) The President pro Tempore of the Senate or his or her designee.

—(5) The Minority Leader of the Assembly or his or her designee.

—(6) The Minority Leader of the Senate or his or her designee.

—(7) One person appointed by the Speaker of the Assembly.

—(8) One person appointed by the Senate Committee on Rules.

~~—(c) The panel shall be representative of state government, business, labor, finance, and academic institutions, and shall be broadly reflective of the state's population as to gender, ethnicity, and geographic residence within California.~~

~~—At least one-half of all the persons on the panel shall be from the private sector and at least two appointments shall be from private businesses with less than 50 employees. At least two appointments shall be from rural areas of the state. Beginning January 1, 2004, appointments to the panel shall be for four-year terms, except that the Governor's appointments made pursuant to paragraph (2) of subdivision (b) shall be made as follows:~~

~~—(1) Four members shall be appointed on January 1, 2004, and every four years thereafter.~~

~~—(2) Four members shall be appointed on January 1, 2004, for a two-year term.~~

~~—(3) Upon the expiration of the initial appointments made pursuant to paragraph (2), four members shall be appointed on January 1, 2006, and every four years thereafter.~~

~~—(d) The secretary shall deliver copies of the economic strategy panel's recommended California economic development strategic plan to every constitutional officer, legislator, member of the Governor's cabinet, members of the economic development strategic plan panel, and every state agency, office, board, and commission having economic development responsibilities.~~

~~—(e) In each succeeding two-year cycle, the secretary shall undertake this process anew, so as to update the economic strategy on or before October 31 of each succeeding second year.~~

Amend Government Code Section 63000 as follows:

63000. The Legislature finds and declares the following:

(a) Economic revitalization, future development, and a healthy climate for jobs in California will depend upon a well-conceived system of public improvements that are essential to the economic well-being of the citizens of the state and are necessary to maintain, as well as create, employment within the state for business.

(b) It is necessary for public policy to support the efforts of businesses attempting to expand, businesses seeking to locate in California, and local economic development organizations, public agencies, and new entrepreneurs by dedicating public fiscal resources to confront obstacles and barriers that impede economic growth.

(c) Existing mechanisms that coordinate federal, state, local, and private financial resources are inadequate to attract and sustain that level of private investment that is essential to a growth economy.

(d) In order to secure and enhance the economic well-being of Californians, promote economic development in the state, and provide a healthy climate for the creation of jobs, it is necessary for public policy to support the efforts of expanding businesses, businesses seeking to locate in California, local development organizations, public bodies, and new entrepreneurs to gain access to capital through current and potential operations of financial markets.

(e) The high cost and the lack of availability of industrial loans for small- and medium-size businesses is making it difficult for thousands of these enterprises to get established, to maintain their present employment levels, or to expand employment.

(f) The problem of access to capital is acute in the high technology industry clusters because companies must often finance large capital expenditures early in their development cycle, and cannot obtain financing sufficient to cover the cost of those expenditures. Consideration should be given to industry clusters identified by the Economic Strategy Panel that may include the following:

(1) Health care technology.

(2) Multimedia.

(3) Environmental technology.

(4) Information technology.

(g) The high cost and limited availability of loans and capital has led a number of states to take action to remedy these conditions through concerted public and private investment programs that include efforts to do the following:

(1) Use the state's access to capital markets more effectively for economic development.

(2) Create financing pools to access national capital markets or help government sponsors and public-private economic development organizations obtain credit enhancement on their own.

(3) Facilitate credit enhancement for selected specific projects.

(4) Provide or arrange for loan insurance.

(5) Create and support secondary markets for loan portfolios of urban and rural economic development corporations and others.

(6) Improve access to international capital markets.

(7) Provide opportunities for public pension funds and other institutional investors to play a larger role in state economic development.

(8) Arrange for or provide subordinated debt for selected projects.

(9) Increase support for local infrastructure development.

(h) Local governments in California bear a primary responsibility for the business of promoting job creation and economic development efforts. California's continued reliance on autonomous local entities often fails to adequately consider regional impacts of business expansion. Projects of a regional nature need the benefit of a state coordinating function to augment and enhance local economic development and environmental efforts.

(i) The State of California has not embarked on a major infrastructure financing effort since the decade of the 1960's, despite persistent unemployment and soaring population growth.

(j) California's ability to compete in a global economy depends upon its capacity to implement policies that take maximum advantage of public and private resources at the local, regional, state, and national levels. These policies should be coordinated with any future legislative plan involving growth management strategies designed to make economic growth compatible with environmental protections. It is the intent of the Legislature in enacting this act to create a mechanism to finance projects needed to implement economic development and job creation and growth management strategies, and to provide a secure and stable funding source for implementation of this act in order to meet critical economic, social, and environmental concerns.

(k) The State of California needs a financing entity structured with broad authority to issue bonds, provide guarantees, and leverage state and federal funds using techniques that will target public investment to facilitate economic development. The goal is to produce more private sector jobs with less public sector investment.

(l) The mechanisms for financing public improvements and private job creation strategies provided for in this act are in the public interest, serve a public purpose, and will promote the health, welfare, and safety of the citizens of the state.

(m) The public policies and responsibilities of the state, including all of the above purposes and functions, cannot be fully obtained without the use of financing assistance and can be most effectively furthered by the creation of the California Infrastructure and Economic Development Bank.

Amend Unemployment Insurance Code Section 10529 as follows:

10529. (a) The services provided by the existing labor market information system within the department shall include workforce and economic information that does all of the following:

(1) Provides data and information to the state Workforce Investment Board created pursuant to Section 2821 of Title 29 of the United States Code, to enable the board to plan, operate, and evaluate investments in the state's workforce preparation system that will make the California economy more productive and competitive.

(2) Provides data and information ~~to the California Economic Strategy Panel~~ for continuous strategic planning and the development of policies for the growth and competitiveness of the California economy.

(3) Identifies and combines information from various state data bases to produce useful, geographically based analysis and products, to the extent possible using existing resources.

(4) Provides technical assistance related to accessing workforce and economic information to local governments, public-sector entities, research institutes, nonprofit organizations, and community groups that have various levels of expertise, to the extent possible using existing resources.

(b) The department shall coordinate with the State Department of Education, the Chancellor of the California Community Colleges, the State Department of Social Services, the California Postsecondary Education Commission, the Department of Finance, and the Franchise Tax Board in developing economic and workforce information. The department shall also solicit input in the operation of the program from public and private agencies and individuals that make use of the labor market information provided by the department.

Amend Unemployment Insurance Code Section 14012 as follows:

14012. The board shall be appointed by the Governor to assist in the development of the State Workforce Investment Plan and to carry out other functions, as described in Section 14103. The board shall be comprised of the Governor and representatives from the following categories:

(a) Two members of each house of the Legislature, appointed by the appropriate presiding officer of each house.

(b) (1) A majority of board members shall be representatives of business who:

(A) Are owners of small and large businesses, chief executives or operating officers of small and large businesses, and other small and large business executives or employers with optimum policymaking or hiring authority, including members of local workforce investment boards.

(B) Represent businesses with employment opportunities that reflect the employment opportunities of the state.

(C) Are appointed from a group of individuals nominated by state business organizations and business trade associations.

~~—(2) At least one representative shall be a private sector member of the California Economic Strategy Panel, created pursuant to Section 15570 of the Government Code.~~

(c) Chief elected officials representing both cities and counties, where appropriate.

(d) Representatives of labor organizations that are appointed to the board by the Governor shall have been nominated by state labor federations. At least 15 percent of board members shall be representatives of labor organizations.

(e) Representatives of individuals and organizations that have experience with regard to youth activities.

(f) Representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities, including the Chancellor of the California Community Colleges, representatives of school districts, and representatives of community-based organizations within the state.

(g) The lead state agency officials with responsibility for the programs, services, or activities that are mandatory participants in the one-stop system, or, where there are no lead state agency officials responsible for those programs, services, or activities, a representative with expertise relating to those programs, services, or activities.

(h) Any other representatives and state agency officials as the Governor may designate, such as the state agency officials responsible for economic development and juvenile justice programs in the state.

(i) Members of the board that represent organizations, agencies, or other entities shall be individuals with optimum policymaking authority within those organizations, agencies, or entities.

(j) In making appointments to the board, the Governor shall consider the ethnic, race, gender, and geographic distribution of the state's population, and members of the board shall represent diverse regions of the state, including urban, rural, and suburban areas.

(k) The Governor may appoint a single member to the board to represent multiple constituencies on the board.

(l) The Governor shall select a chairperson for the board from the business representatives.

Amend Unemployment Insurance Code Section 15001 as follows:

15001. (a) The Legislature finds and declares all of the following:

(1) The State of California has long been a national and international leader on environmental, natural resource, pollution prevention, and energy issues, as well as recent landmark laws in the areas of climate change, renewable energy, energy efficiency, and alternative transportation fuels.

(2) The passage of these laws has resulted in billions of dollars of investment capital flowing into the State of California for research, development, and commercialization of new green and clean technologies. This investment of capital is indicative of the rapidly growing clean and green technology sector of the California economy.

~~(3) The California Economic Strategy Panel has identified California's economy as an economy of regions. The panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters.~~ California's green economy is about the potential of new technologies combined with innovative public policy and strategic investments to stimulate the growth of new markets for-green products and services.

(4) As the green economy grows, it will be accompanied by an increased demand for a highly skilled and well-trained "green collar" workforce.

(5) California state government must act promptly to build the partnerships, expand the programs, and secure the resources necessary to meet our green workforce needs. This effort must involve both our K-12 and higher education systems, labor unions, the environmental community, workforce development programs, nongovernmental organizations, philanthropy, and private sector industries.

(6) In acknowledgment of the tremendous size of California's economy and related infrastructure, the application of sector strategies in a wide variety of industry sectors is essential to providing labor for industry and career paths for current and potential employees. The California Workforce Investment Board shall adopt a sector strategy approach in responding to industry sector workforce and economic development needs. This strategy will ensure industry has a qualified workforce and can offer opportunities for employment, training, and career advancement for all Californians. The initial drive of this sector strategy approach will be the California Green Collar Jobs Act of 2008.